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C O N F I D E N T I A L FREETOWN 000256

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DEPARTMENT FOR AF/W (JHUNTER)

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TAGS: [PGOV](#) [PREL](#) [SL](#)
SUBJECT: JUNE POLITICAL ROUND-UP - FREETOWN

Classified By: Political Officer Amy LeMar for reasons 1.4 (b/d)

¶1. (U) Summary: Despite steps forward to improve the investment climate of the country in June, a violent incident targeting a U.S. company (and Embassy contractor) demonstrated that such improvements have not trickled down to the local level. Parliament updated laws inherited from the Colonial era, with a focus on making the country more investor-friendly enacted three new laws. President Koroma basked in his popularity while traveling to the South of the country - an area previously hostile to the APC. The Freetown City Council accelerated its revenue collection drive, and continued a city sanitation project that threatens the livelihoods of Freetown's poorest. A price hike in fuel raised concerns across the country, but the government is remaining mute on the possibility of a subsidy. Sierra Leone continues to enjoy further bilateral support from India, Libya, and the UAE. End Summary.

USG CONTRACTOR TARGETED BY CITY COUNCIL

¶2. (C) SSGI-AKAL, the U.S.-owned company contracted by post to provide local guard force service, was targeted by the Freetown City Council for allegedly not paying a municipal operating license fee. The SSGI-AKAL compound became overrun with members of the City Council, police attached to the City Council, and press. Despite their failure to produce documentation showing the amount owed, members of the City Council stated that they would shut down all operations if the payment was not immediately made in cash. Given the impact this would have on embassy security, RSO contacted the Inspector General of Police, who assisted in ameliorating the situation. Control of the crowd and compound was eventually restored, though the ARSO and others suffered minor injuries during the scuffle. Comment: The Freetown City Council apparently has no jurisdiction over SSGI-AKAL, but likely saw the U.S.-owned company as a good target for shoring up additional revenue. Post sees this incident as a typical extortion attempt, and expects the Council did not anticipate the high-level of embassy involvement that would result. CDA spoke with the Director-General of the Ministry of Foreign Affairs, and will also inform the President that such rogue activities are deleterious to the investment climate and our bilateral relations. In response, the Director-General inquired about a visa denial related to the Mayor of Freetown, who oversees the City Council. It was clearly implied that the Mayor may have ordered this attack to send a message that he can impact USG operations as easily as we can prevent his family from traveling. A subsequent meeting with the Mayor on July 1 failed to clarify his position or interest in either the visa case or the June 26 incident. End Comment.

PARLIAMENT ENACTS THREE NEW LAWS

13. (U) On June 3, Parliament enacted three key laws (Companies Act, Goods and Services Act, and Bankruptcy Act) that will remove some of the administrative barriers for doing business in the country. The Companies Act makes provision for the establishment of a Corporate Affairs Commission to register companies, rather than the Administration General. The Bankruptcy Act establishes regulations surrounding bankruptcy declaration: any person can be declared bankrupt if s/he is unable to pay debts. Those filing for bankruptcy will be disqualified from holding any elective or public office. The Goods and Services Tax establishes the long-awaited tax, though many fear that it will not be implemented for some time. Comment: These laws should assist in luring foreign investment by eliminating and regularizing the process of establishing businesses and providing further protections for business owners. Post will report on these laws in-depth septel. End Comment.

PRESIDENT KOROMA TOURS THE SOUTH

14. (U) President Koroma, enjoying and savoring every moment of his popularity, traveled to the southern region of the country on his "meet the people" tour. Southern Sierra Leone has traditionally been the stronghold of both the SLPP and the PMDC, and Koroma's venture shows his confidence and desire to increase APC popularity at a time when his own is quite high. According to reports, he was received by large crowds of people everywhere he went. He had SLPP and PMDC members address the crowds with him at every event, in a move hoped to ameliorate the constant inter-party tension that is always marred by violence. In Bonthe, a former SLPP Member of Parliament officially declared for the APC, in part demonstrating the APC's growing strength. Comment: Koroma's tour coincides with the absence of SLPP Party Chairman John Benjamin, who is currently in the U.S. The timing may have been planned to ensure that Benjamin and his cronies would not disrupt either the President's agenda or his deliberate displays of political unity. The APC party appears to be gaining ground outside of its traditional support base, with this tour helping that ambition. End Comment.

FREETOWN CITY COUNCIL TAXES AND CLEANS

15. (U) President Koroma was the first person to pay his local tax for the year to the Freetown City Council on June 9. Tax collection in Sierra Leone is a highly irregular process, as there is no system to properly collect or document payments. Last year's tax collection drive was met with resistance by many citizens who were unaccustomed to paying, and resulted in many embarrassing arrests. The city Council also embarked on "Operation Sweep Freetown" to rid the city of shacks. Many make-shift markets were demolished and plans are underway to build formal markets for the traders. If this happens, it will be a major breakthrough in sanitizing the city and reducing the traffic jams which are partly caused by hawkers and traders who have completely taken over the pavements, forcing pedestrians to walk on the streets. Comment: Though tax collection is expected to run more smoothly this year, "Operation Sweep Freetown" has been controversial. Though the traders have no legal land rights for their shacks, many have operated from them for some time. Destroying the shacks, without a ready alternative, has angered those already living on the streets. Further alienating this largely under-employed group could result in violent stand-offs in the future. End Comment.

HIKE IN FUEL PRICE

16. (C) On June 4, oil suppliers unexpectedly increased the cost of fuel. They cited the exchange rate to the U.S. dollar and world market prices as the reason for the increase.

Prices increased from Le 12,500 (USD 4.00) to Le 14,800 (USD 4.80) for petrol, diesel and kerosene. The prices for all of these products are always the same in Sierra Leone to prevent unscrupulous people from mixing cheaper products with the relatively more expensive ones. Consumers were unhappy with the increase, which has a near universal impact due to the reliance on generators, but were assured by the oil marketers that they will adjust the price as the global price trends dictate. Comment: The GoSL acted on a previous hike in December, 2008, by subsidizing fuel costs. Despite the goodwill gains the government received from this action, they did not respond to the June price increase. In all likelihood, they could not afford to. End Comment.

BILATERAL RELATIONS

17. (U) The United Arab Emirates Foreign Minister, Sheikh Abdullah Bin Zayed Al Nahayan, led a twenty-three man delegation to Sierra Leone. The group included Government Ministers, humanitarian groups and investors. Minister Nahayan promised prompt assistance in the area of finance, expertise and energy. On his arrival on June 1, President Koroma engaged him in extensive talks on strengthening bilateral relations between the two countries. Sierra Leone's Foreign Ministry said that the visit of the UAE team was due to extensive efforts by their office and trade commissioners in the Gulf Cooperation Council. Comment: Relations with the Arab world is particularly significant for this government: some people thought that President Koroma's Christian beliefs would making wooing Middle Eastern countries difficult. Former President Kabbah had very strong ties in that area. End Comment.

18. (U) The government of India donated 385 tractors to the Ministry of Agriculture and Food Security. The Minister of Agriculture, Dr. Sam Sesay, said 120 tractors will be used to plow inland valley swamps, which are the most productive. The minister further pointed out that the tractors come equipped with harvesters and threshers that can be used for export-oriented production. Comment: Food security is one of the priorities of the Koroma government, and he chairs a Presidential Task Force on Agriculture. Sierra Leone used to export rice and palm oil in the seventies but bad governance and poor administration resulted in a sharp decline in exports and the eventual stoppage of these activities. End Comment.

19. (U) On June 18, Minister of Foreign Affairs, Mrs. Zainab Hawa Bangura officially handed over an 8.2 acre piece of land in Aberdeen to the Libyan government. The land will be used for the construction of a five-star hotel, overseen by The Libyan African Investment Company. Comment: Before the war, Sierra Leone enjoyed a high influx of tourists, predominantly from France. Sierra Leone still lacks the amenities that will make it a sought-after tourist destination, but a hotel of this nature will create jobs and also help provide some of the infrastructure the country desperately needs. End Comment.
FEDZER